

## CONDOMINIUM CONVERSION DISCLOSURES AND WAIVERS

It is recommended that language similar to that contained in this template be completed by the builder and provided to the buyer and/or HOA at the time of contract.

Background:

Condo converters face some degree of uncertainty as to whether the act of conversion of a older building to for sale units starts, tolls or otherwise extends the 10 year statute of limitations for work untouched by the condominium converter. While we believe that the statute is not extended for work untouched by the condominium converter, there is always a risk that a homebuyer may claim that it was not fully apprised of the scope of the conversion versus the untouched work and that that lack of disclosure restarts the statute or worse, creates a fraud claim.

To mitigate against this risk, it is recommend that the buyer be given a written disclosure which is also recorded against title which contains the following elements:

1. Information listing when the original building was constructed and when the conversion was commenced.
2. A detailed list of the areas where conversion or remedial work as performed. This list could be categorized by unit number or common area or by which systems of the dwelling were renovated.
3. A statement that no warranties are being given for any areas not within the scope of the conversion and that the buyers understand that they are buying a used home. The statement should also state that California's right to repair law, SB 800 is not applicable to this structure.
4. A statement that by signing the disclosure statement, the buyers recognize their obligation to fully inspect and take the risk of buying a used dwelling and waive any rights against the builder and trade contractors for areas not covered by the condominium converter's renovation work, including any causes of action stating that the builder should have renovated more than the builder in fact did renovate. . This waiver also includes an acknowledgement that the time for bringing any claims against the original builder or owner of the dwelling may have passed.

We do not mandate, on behalf of any insurance carrier, that the following exact language be used. However, where requested, we will check to ensure that any builder's disclosure contains the above four elements.

For example, we offer the following template.

### **NOTICE AND DISCLOSURE OF CONDOMINIUM CONVERSION**

Congratulations on buying a home in the [project name]. This document is our formal disclosure to you of the nature of this project.

The original structure was built as a {structure type} in 1992. The project was purchased by us in 2004. We, through the proper legal process, converted this building into for sale condominiums in 2004.

Generally speaking our work consisted of installing new appliances, kitchen and bathroom fixtures and cabinets and installing new carpet. We did not do any structural work or investigation on the premises.

OR

Generally our work consisted of reviewing the structure for any evidence of current problems. Where we found evidence of problems we repaired such problems on a unit by unit basis. Where there were no problems, we did not conduct any investigation or repairs. A complete listing of our scope of work is available from our main office.

**IMPORTANT:** *Paladin Risk Management, Ltd. is a risk management consultancy company and the information it provides should not be interpreted as insurance, coverage, or legal advice. The information provided should be interpreted in line with insurance and legal methodologies as they relate to your business practices and / or procedural guidelines.*



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Continued page 2

As a buyer of a used structure, you must understand and acknowledge that you are not purchasing a new home and do not have the same rights against us as you would had this been a new home. For example, as a condominium conversion, you are not covered by California's SB 800.

By signing this disclosure, you agree that you are buying the dwelling "as is" and without any warranty by the builder that the entire structure has been renovated to present day building codes, standards of care or that it is free from defects. As the buyer of a used dwelling, you are encouraged to conduct your own inspection. You agree to waive any rights against the builder for any alleged failure to properly inspect the existing dwelling or to repair any work that was not performed by the builder or its agents.

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Buyer

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Seller

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